Larisis railway station, Athens, 17:42

EUROFIMA®

Annual report 2005

Important data

	2001	2002	2003	2004	**2005**
Balance sheet					
Total	30 517	28 613	28 611	29 204	**33 501**
Assets					
Equipment financing contracts	24 905	23 319	23 232	23 921	**28 433**
Unpaid subscribed share capital	2 080	2 080	2 080	2 080	**2 080**
Liabilities					
Borrowings (1)	26 220	24 454	24 501	25 156	**29 344**
– of which subordinated liabilities	100	100	100	100	**100**
Equity capital	2 953	2 980	3 005	3 027	**3 053**
– Subscribed share capital	2 600	2 600	2 600	2 600	**2 600**
– Reserves + unappropriated surplus to be carried forward (2)	353	380	405	427	**453**
Profit, cash flow and appropriation to reserves					
Net profit for the financial year	45	47	46	43	**47**
Cash flow	61	62	60	49	**50**
Appropriation to reserves	24	26	25	23	**25**
Ratios in %					
Operating cost (3)/Net operating income	11.3	11.3	11.5	14.2	**14.0**
Net profit/Equity capital (4)	5.3	5.3	5.0	4.6	**4.9**
Cash flow/Equity capital (4)	7.0	7.0	6.6	5.2	**5.2**
Equity capital/Borrowings	11.3	12.2	12.3	12.0	**10.4**
(Equity capital + subordinated liabilities)/Borrowings	11.6	12.6	12.7	12.4	**10.7**
(Equity capital + subordinated liabilities + joint shareholders' guarantee)/Borrowings	21.6	23.2	23.3	22.8	**19.6**
Guarantees					
Equipment financing contracts with guarantee (5)	27 046	25 121	24 465	24 978	**29 777**
Joint shareholders' guarantee	2 600	2 600	2 600	2 600	**2 600**
Financing and repayments					
Financing	4 695	4 224	4 015	5 112	**5 330**
Repayments	5 120	4 600	4 557	3 823	**2 470**
Repayment rate in %	109.0	108.9	113.5	74.8	**46.3**
Railway equipment financed during the financial year					
Locomotives	324	252	284	414	**369**
Multiple-unit trains					
– Motor units	234	191	177	399	**600**
– Trailer cars	237	316	182	689	**675**
Passenger cars	285	137	745	96	**1 365**
Freight cars	8 860	1 328	176	259	**59**
Other equipment	31	27	0	0	**0**

Financial data: in million CHF

Railway equipment financed: in units

(1) Amounts due to credit institutions and customers and debts evidenced by certificates
(2) After appropriation of surplus according to proposal on page 29
(3) Including financial operations charges and depreciation on fixed assets
(4) Equity capital: average of two consecutive year-end figures, after appropriation of net profit and deduction of unpaid subscribed share capital
(5) Original values before adjustment for valuation difference of related swaps

EUROFIMA® European Company for the Financing of Railroad

EUROFIMA is a supranational organization. Its shareholders, which are also its customers, are the railways of its member States. EUROFIMA fulfills a task of public interest. It is located in Basle, Switzerland.

EUROFIMA's purpose is to further the development of rail transportation in Europe and to support the railways which are its shareholders as well as other railway bodies in renewing and modernizing their equipment.

Constitution and purpose

EUROFIMA was established on November 20, 1956 based on an international treaty (the "Convention") between sovereign States. It is governed by the Convention signed by its member States, its articles of association ("Statutes") and in a subsidiary manner by the law of the country in which it is located. It was originally founded for a period of 50 years. The decision of the extraordinary General Assembly of February 1, 1984 to extend this period for an additional 50 years, until 2056, was approved by all member States. EUROFIMA's shareholders are railways of the European member States which are parties to the Convention.

Activity

EUROFIMA finances railway equipment through borrowings or equity capital and encourages joint purchases. EUROFIMA secures title to or obtains security interests deemed equivalent (in particular pledges) on or in respect of equipment. The general principles of EUROFIMA's activity are defined in an agreement (the "Basic Agreement") between the railways and EUROFIMA. The Basic Agreement remains valid for the entire duration of EUROFIMA's existence and can only be altered with the consent of all the railways and EUROFIMA. EUROFIMA's equity capital (paid-in share capital and reserves) is utilized principally for investments in money market paper or bonds and, to a limited extent, for financing railway equipment.

Shareholders' distribution at December 31, 2005

Shareholders		Number of shares	in % of share capital
Deutsche Bahn AG	DB AG	61 620	23.70
French National Railways	SNCF	61 620	23.70
Ferrovie dello Stato S.p.A.	FS	35 100	13.50
SNCB Holding	SNCB	25 480	9.80
NV Nederlandse Spoorwegen	NS	15 080	5.80
RENFE Operadora	RENFE	13 572	5.22
Swiss Federal Railways	SBB	13 000	5.00
Community of Yugoslav Railways	JŽ	5 980 (1)	2.30
Swedish State Railways	SJ	5 200	2.00
Luxembourg National Railways	CFL	5 200	2.00
ÖBB-Holding Ltd.	ÖBB	5 200	2.00
Portuguese Railways	CP	2 600	1.00
Czech Railways JSC	ČD	2 600	1.00
Hellenic Railways	OSE	2 600	1.00
Hungarian State Railways Ltd.	MÁV	1 300	0.50
Railway Company JSC	ZSSK	1 300	0.50
Croatian Railways	HŽ	520	0.20
Holding Slovenske Železnice d.o.o.	SŽ	520	0.20
Bosnia and Herzegovina Railways	ŽBH	520	0.20
Bulgarian State Railways Ltd.	BDZ	520	0.20
Railways of FYR Macedonia	CFARYM	260	0.10
Turkish State Railways	TCDD	104	0.04
Danish State Railways	DSB	52	0.02
Norwegian State Railways	NSB	52	0.02
Total		**260 000**	**100.00**

(1) 2 830 shares of which EUROFIMA holds in trust

Larisis railway station, Athens

Rolling Stock

Equipment

EUROFIMA holds title to the equipment until the complete reimbursement of the financing or it holds a direct or indirect security interest deemed equivalent, particularly pledges. The equipment is recorded with its number and type in the company's register. Each railway is responsible for maintaining the equipment. In case of damage or loss, the equipment must be replaced without delay and at the railway's expense. If a railway does not fulfill its obligations, EUROFIMA has the right to repossess the equipment to cover its exposure. The railway continues to assume responsibility for all contracts into which it has entered with the company. EUROFIMA has never experienced a loss due to the failure of a railway to assume its contractual obligations.

Guarantee reserve and joint shareholders' guarantee

In the event of default by a railway, the guarantee reserve described in Article 30 of the Statutes may be called upon. According to that article, the yearly allocation to the guarantee reserve corresponds to the balance of the net annual profit, after allocation to the ordinary reserve of 5 % of the net profit and the payment of a dividend, statutorily fixed at a maximum of 4 % of the paid-in share capital. After appropriation of the surplus, the guarantee reserve reaches CHF 394.5 million at December 31, 2005.
In addition, according to Article 27 of the Statutes, each shareholder guarantees the performance of all of EUROFIMA's equipment financing contracts in proportion to its holding in EUROFIMA's share capital and up to a maximum amount equal to the par value of its holding. This joint shareholders' guarantee is invoked only if the obligations due by a railway exceed the guarantee reserve and are not covered by its government.

State guarantee

The railway shareholders' obligations towards EUROFIMA benefit from a double guarantee. First, each member State is either directly liable for or guarantees the obligations of its railway under the equipment financing contracts. Second, each member State is either directly liable for or guarantees the obligations of its railway in such railway's capacity as a shareholder of EUROFIMA. In addition, the member States take the necessary measures to assure transfer of funds arising from the company's activity.
At December 31, 2005, borrowings were 120 % covered by equity capital and the various guarantees.

Rating of the member States

at December 31, 2005

	Moody's Investors Service Inc.	Standard & Poor's Corporation
Germany	Aaa	AAA
France	Aaa	AAA
Italy	Aa2	AA–
Belgium	Aa1	AA+
Netherlands	Aaa	AAA
Spain	Aaa	AAA
Switzerland	Aaa	AAA
Serbia and Montenegro	–	–
Sweden	Aaa	AAA
Luxembourg	Aaa	AAA
Austria	Aaa	AAA
Portugal	Aa2	AA–
Czech Republic	A1	A–
Greece	A1	A
Hungary	A1	A–
Croatia	Baa3	BBB
Slovenia	Aa3	AA–
Bosnia and Herzegovina	B3	–
Bulgaria	Ba1	BBB
Slovakia	A2	A
FYR Macedonia	–	BB+
Turkey	Ba3	BB–
Denmark	Aaa	AAA
Norway	Aaa	AAA

Rating of EUROFIMA's liabilities

at December 31, 2005

	Moody's Investors Service Inc.	Standard & Poor's Corporation
Senior borrowings	Aaa	AAA
Subordinated borrowing	Aa1	AA+
Programme for the Issuance of Debt Instruments	Aaa	AAA
Commercial Paper	P–1	A–1+

Athens, 18:03

Report of the Board of Directors to the General Assembly

Annual report 2005
49th financial year

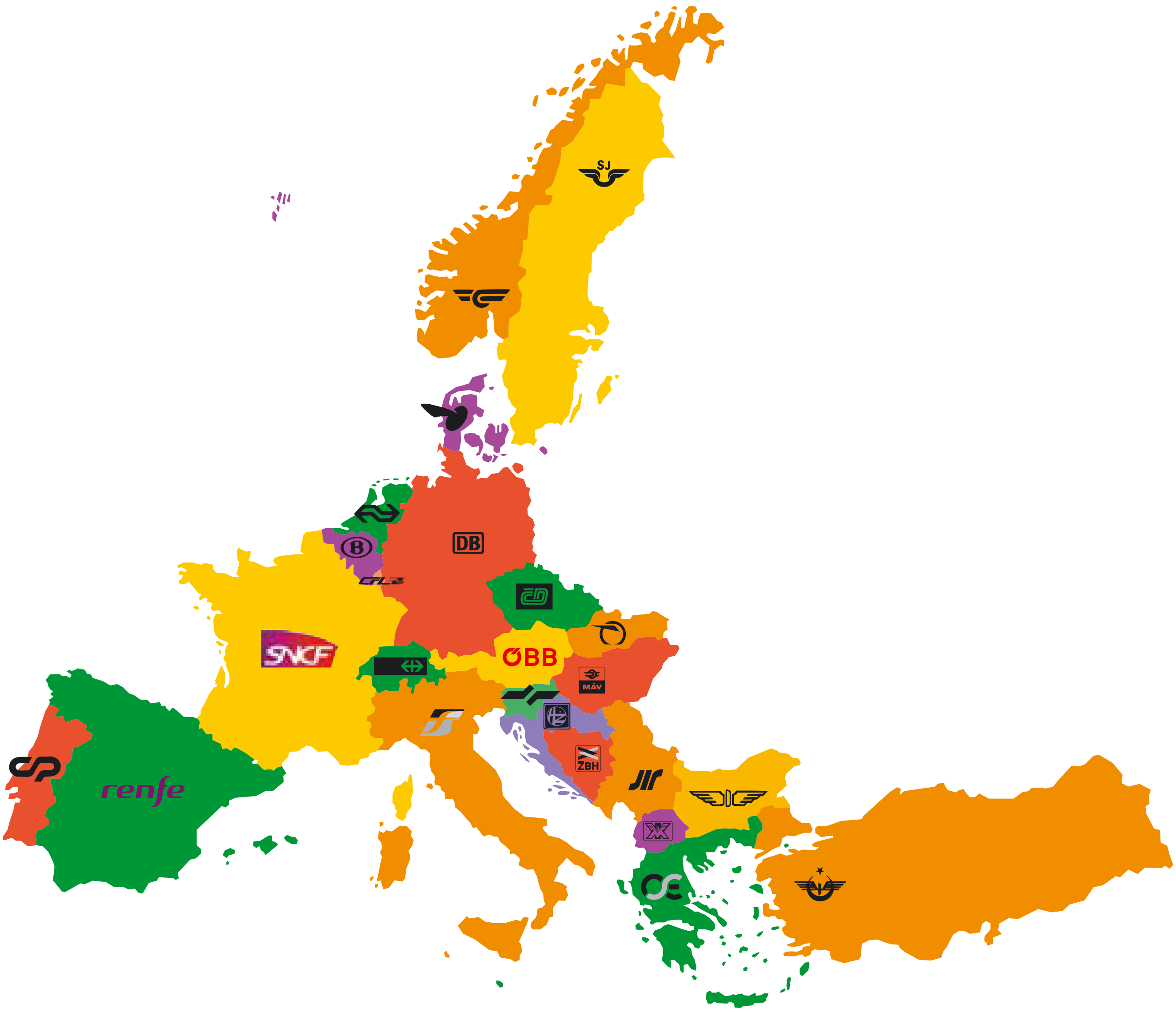
EUROFIMA®

European Company
for the Financing
of Railroad Rolling Stock

Europäische Gesellschaft
für die Finanzierung
von Eisenbahnmaterial

Société européenne
pour le financement
de matériel ferroviaire

Società europea
per il finanziamento
di materiale ferroviario



This annual report is available on EUROFIMA's website www.eurofima.org
or upon request at the company's office.
It is also published in German and French. In case of inconsistencies in the German
or French translation, the English original version shall prevail.

02

Larisis railway station, Athens

Megara–Elefsis, 18:09

Contents

Megara–Elefsis, 18:08

Foreword

EUROFIMA will celebrate in 2006 the 50th anniversary of its founding as a public international body. Created by the signature of an International Treaty bringing together – as of today – 24 sovereign States, EUROFIMA held its first constituent general assembly on November 20th, 1956.

Inspired by the model of the US equipment trust, the governments of the post-war years, *"considering that […] the Company is of public interest and of international nature"* and *"desiring under these circumstances to give the Company all the support possible",* have assigned to EUROFIMA *"the objective to promote the equipment and operation, at the best conditions possible, of the public railway transportation of the contracting parties"* (1).

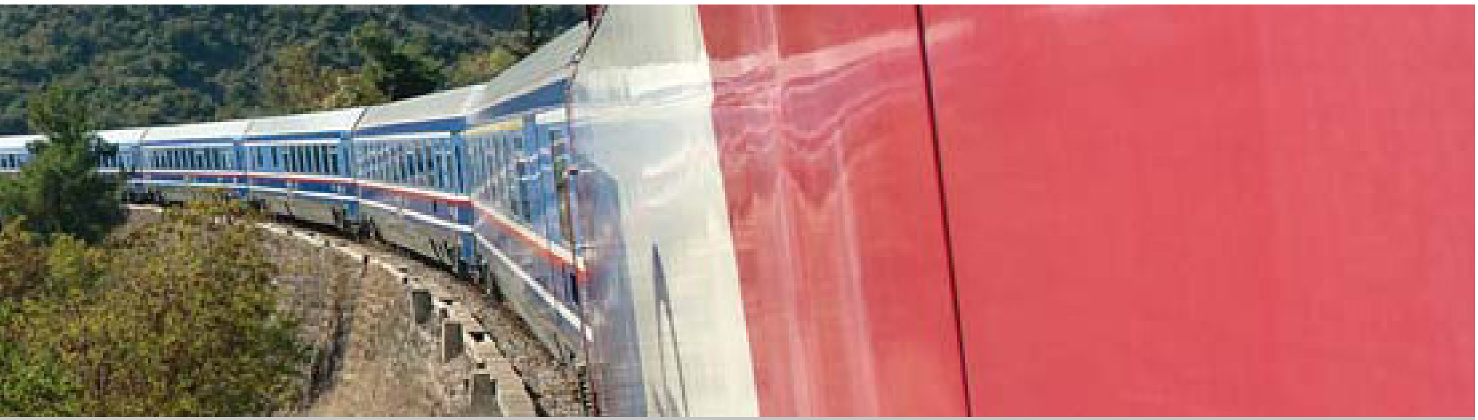
In the name of those who worked during the last 50 years for the development of EUROFIMA and the rail transportation, I would like to pay tribute to the vision, the sense of initiative and the entrepreneurial spirit of our predecessors.

The world and the railway activities in particular have of course evolved considerably since then. These days we no longer think like railway administrations. Rail services are operated now mainly by companies striving every day to improve their competitiveness. We have clients, no longer users. Nevertheless the need for a common financing vehicle like EUROFIMA is more essential than ever. In order to meet the mobility challenge of the 21st century, our rolling stock needs to be constantly upgraded. EUROFIMA is therefore an open public body: open to new realities, open to new members, open to new markets.

What a long way we have come in 50 years! In 1957, the first year of activity for EUROFIMA, one single borrowing – a 30 million Swiss franc transaction – was done. But the impulse was given.

The archives show that year after year,

Gorgopotamos bridge, 10:51



Siemens Desiro in Palaiofarsalos, 14:06

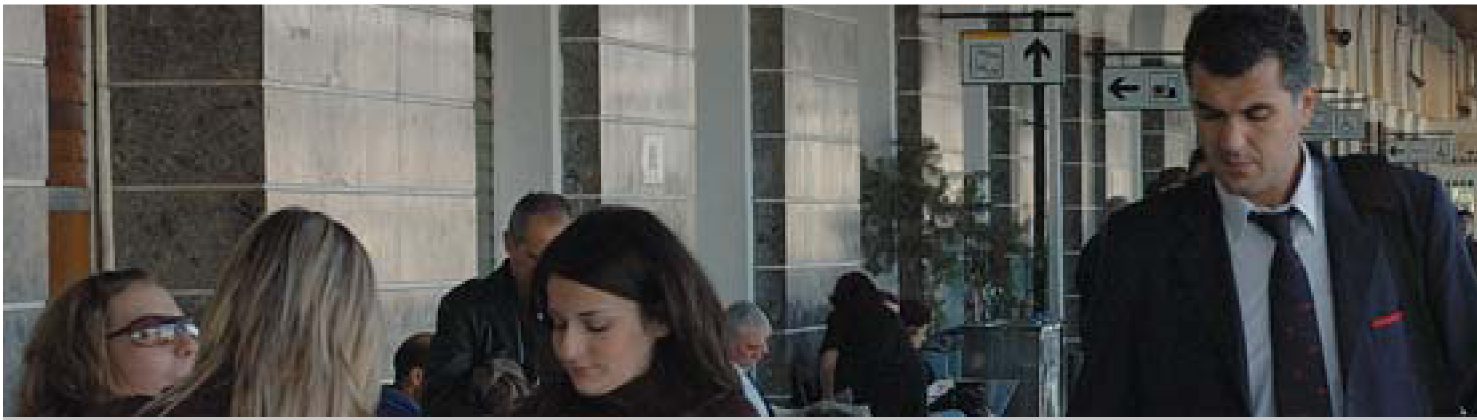
the transactions constantly grew in size and complexity, delivering steadily better financial terms.

The results for 2005 illustrate this half-century dynamism: a 9.7 % annual growth rate of the net profit, a 10-year record high annual volume of new equipment financing contracts reaching CHF 3.8 billion, new borrowing totaling CHF 5.3 billion. The quest for better financial conditions led EUROFIMA in 2005 to borrow for the first time in Turkish lira and Mexican pesos. EUROFIMA also substantially reinforced its financings in favor of railways in Central and Eastern Europe with outstanding financing reaching EUR 870 millions at the end of 2005. The presence of EUROFIMA on international financial markets constantly becomes more visible, allowing investors to benefit from the most complete benchmark yield curve on the Swiss and Australian Kangaroo markets – besides Sovereigns. The increasing size of EUROFIMA borrowings also provides investors with a steadily improving liquidity.

In the name of the Board of Directors and all members of EUROFIMA, I wish the management and the staff of the Company a happy anniversary. I herewith convey to all our gratitude for the work done. Let us find in the outstanding example of our predecessors the fighting spirit and the creativity that lead to sustainable success.

Claire DREYFUS-CLOAREC
Chairwoman of the Board

(1) Convention for the establishment of EUROFIMA, London, October 20th, 1955



Governing bodies

As a public international body, EUROFIMA is in the first place governed by an International Treaty (the "Convention") concluded between 24 sovereign member States, its articles of association ("Statutes") and only subsidiarly by Swiss law. The member States have reserved extensive corporate governance rights over EUROFIMA.
The following changes to EUROFIMA's organization require the consent of the member States: head office, objective, duration, conditions for admission of shareholders, quora applicable to important shareholders' resolutions, equal voting rights of directors, all terms dealing with the shareholders' liability and the establishment of branches.
EUROFIMA has to report on its activities to the member States annually.
EUROFIMA is managed and administered by the General Assembly, the Board of Directors and the Management.
The General Assembly convenes at least once annually. It decides on the maximum amount of borrowings to be contracted during a given period. It approves the management rules established by the Board of Directors and the annual accounts. Decisions are taken by the majority of votes of the shares represented. However, a majority representing at least seven-tenths of the stated share capital is required to amend the Statutes, to reduce or to increase the stated share capital, to transfer shares and subscription rights, to dissolve the company, to appoint liquidators and to extend the company's duration.

The Board of Directors is responsible for conducting the company's business. It adopts decisions in matters that involve lending, borrowing and administrative matters. It meets at least once quarterly, taking decisions on the basis of the majority of the directors present or represented. With the exception of certain reserved powers, the Board of Directors is authorized to entrust all or part of the management of the company to one or several of its members (representatives) or third persons who need not necessarily be directors (members of the Management). As a result, the day to day management has been delegated to members of the Management. In this regard, the Board of Directors establishes management rules and guidelines determining the rights and responsibilities of the Board of Directors, its representatives and the Management.
The Board of Directors authorizes all equipment financing contracts and all borrowings within the limits laid down by the General Assembly. Board members are appointed by the General Assembly, with two members for each shareholder holding at least 2 % of the share capital. They are appointed for a period of three years and are eligible for re-election. The Board of Directors presently consists of 22 members. The Chairman and Vice-Chairmen of the Board of Directors are designated by the General Assembly.
The company's body of Auditors is composed of five members appointed by the General Assembly. It usually meets once a year in connection with the drawing up of the company's annual accounts and their audit by the independent auditors.

Board of Directors
at January 1, 2006

Honorary Chairmen:
Etienne Schouppe
Liedekerke
Wolfgang Vaerst
Frankfurt am Main

Chairwoman:
Claire Dreyfus-Cloarec
Member of the Executive Committee, French National Railways Company, Paris
Chairwoman and Chief Executive Officer, SNCF Participations, Paris

Vice Chairmen:
Maurizio Basile
General Director of Finance, Controlling and Participations, Ferrovie dello Stato S.p.A., Rome
Claude Alain Dulex
Chief Financial Officer, Member of the General Management, Swiss Federal Railways SBB, Bern
Marcel Niggebrugge
Member of the Board, Chief Financial Officer, NV Nederlandse Spoorwegen, Utrecht
Diethelm Sack
Member of the General Management, Deutsche Bahn AG, Berlin

Members:
Pilar Cutanda González
Financial Director, RENFE Operadora, Madrid
Lennart Dahlborg
President, Swedish State Railways, Stockholm
Hugo De Haes
Corporate Treasurer, SNCB Holding, Brussels
Per-Olov Dejfors
Chief Financial Officer and Vice-President, SJ AB, Stockholm

Reto Feissli
Head Corporate Treasury,
Swiss Federal Railways SBB, Bern
Natalia Garzón Pacheco
General Manager of Finance and Planning, RENFE Operadora, Madrid
Jannie Haek
Chief Executive Officer, SNCB Holding, Brussels
Ronald Klein Wassink
Corporate Treasurer,
NV Nederlandse Spoorwegen, Utrecht
Gerhard Leitner
Chief Financial Officer,
Rail Cargo Austria AG, Vienna
Luigi Lenci
Financial Director,
Ferrovie dello Stato S.p.A., Rome
Jean-Pierre Menanteau
Member of the Executive Committee, in charge of Finance, Purchase, IT and Telecommunications, French National Railways Company, Paris
Aleksa Miličić
Former General Director, Community of Yugoslav Railways, Belgrade
Wolfgang Reuter
Group Treasurer, Deutsche Bahn AG, Berlin
Milanko Šarančić
General Director, Public Enterprise "Serbian Railways", Belgrade
Erich Söllinger
Chief Financial Officer, ÖBB-Holding AG, Vienna
Jeannot Waringo
Chairman of the Board of Directors, Luxembourg National Railways, Luxembourg
Nicolas Welsch
Director, Luxembourg National Railways, Luxembourg

Secretary:
Bernard de Closset
Senior Vice President, EUROFIMA

College of Auditors:
Dolores Herrero Perez de Castro
Head of Operations Control,
RENFE Operadora, Madrid
Gerhard Leitner
Chief Financial Officer,
Rail Cargo Austria AG, Vienna
Stefano Pierini
Head of Financial Markets,
Ferrovie dello Stato S.p.A., Rome
Dick Snel
Director Corporate Audit,
NV Nederlandse Spoorwegen, Utrecht
Marc Wengler
Director, Luxembourg National Railways, Luxembourg

Management:
André Bovet
Chief Executive Officer
Bernard de Closset
Senior Vice President,
Head of Treasury
Martin Fleischer
Senior Vice President,
Head of Capital Markets
Marco Termignone
Senior Vice President,
Head of Accounting, IT, Payments

Independent auditors:
PricewaterhouseCoopers AG
St. Jakobs-Strasse 25
P. O. Box
CH-4002 Basle
Tel: + 41 58 792 51 11
Fax: + 41 58 792 58 82

Changes in the Board of Directors and Auditors during 2005:
The following persons resigned:
Luc Lallemand
Member of the Board of Directors
Alfred Lutschinger
Member of the Board of Directors
Predrag Nikolić
Member of the Board of Directors
Karel Vinck
Member of the Board of Directors
Herman Baars
Auditor

The departing persons were thanked sincerely for their active service.

Report on the company's situation

Leianokladion, 11:58

Economic environment

Financing and repayments during the financial year 2005

Equipment financed during the financial year 2005

Equipment financing contracts at December 31, 2005

Equipment at December 31, 2005

Results in 2005 and outlook for 2006

Economic environment

International outlook

The year 2005 looks like a prolongation of 2004: strong growth of world economy and persistence of major economic imbalances that remain largely ignored so far.

Despite a weakening of the business cycle during the second quarter, 2005 is characterized by a worldwide economic expansion staying on a firm footing, with an annual growth rate well in excess of 3.0 %: China, the USA and the commodity exporting countries remain the main propellers of world economy; commodity prices keep on escalating but do not daunt the confidence of US consumers and investors; the worldwide real estate boom gets stronger adding to the wealth effect; the global liquidity remains ample despite the cautious step-by-step normalization process carried out by the Federal Reserve Bank and the beginning of a more restrictive monetary policy by the European Central Bank.

Equity markets around the world celebrate strong and better than expected corporate earnings; last but not least, inflation remains remarkably low, thanks to globalization and productivity gains.

Insatiable China leads the commodity prices to new high levels: energy and base metal prices increase for the fourth year in a row at a double-digit annual rate.

Even unexpected events tend to feed the business cycle rather than beating it: after an initial panic, hurricane Katrina actually bodes well for additional reconstruction spending and investment. Japan itself eventually escapes from 10 years of deflation and shifts decisively to the endlessly postponed structural reforms.

The enlargement of the European Union to 25 members reinforces the efforts to improve competitiveness.

The world is getting used to the unstable geo-political environment. Although dramatic, events like the London attacks in July or the persistence of the messy situation in Iraq have finally little impact, the economic fundamentals playing a dominant role.

Major imbalances are worsening in 2005: over-investment in China, record high US trade deficit, large US public deficit, savings glut in Europe, real asset bubble. But these issues remain mostly unaddressed. Growth has the priority.

Foreign exchange and financial markets

The evolution of short-term interest rates in 2005 is in line with expectations: more cautious than ever central banks avoid delivering any surprise to the markets; they reinforce their explanation efforts and transparency. The extraordinary growth of the credit derivative market, reaching USD 15 trillion at the end of the year, probably justifies their will not to take the markets by surprise.

Analysts remain puzzled in 2005 by the unusual behavior of long-term interest rates that remain probably 100 basis points lower than normal. Many theories try to explain this conundrum: corporate savings glut, excess of global liquidity, systematic recycling of both Japanese and Chinese external surplus into long-term US Treasuries, friendly warning attitude of central bankers, anticipation of renewed deflation.

The most outperforming bond markets are logically located where the economy is lagging, i.e. in the European zone, including Switzerland.

The flattening of the yield curves during the year is impressive: central banks tighten their monetary policy while long-term yields keep on declining. The yield of the 10-year German Bund even drops to a new historical low level of 3.0 % at the end of September 2005; it was still above 4.0 % one year earlier.

Equity markets are celebrating in 2005; Japan and the emerging countries are the most exuberant. Better than expected corporate results and strong demand flows are at the root of this brilliant performance.

On the foreign exchange market, the weakness of the yen is the main surprise of the year since it materializes precisely at the moment the Nikkei celebrates – with an annual 60 % leap – the fact that Japanese economy is finally emerging from 10 years of economic stagnation. The heavy exposure of Japan to commodities and the still prevailing zero rate monetary policy contribute to explain this paradox.

The interest rates differential is indeed favorable to the US currency that recovers – moderately – in 2005, for the first time in three years. The greenback benefits from the restrictive monetary policy of the Fed and ignores the ever growing US trade deficit. The repatriation by US corporates of earnings accumulated abroad is another supportive factor.

The euro and the Swiss franc – clearly considered by market participants as part of the same basket – recede somewhat in 2005 and provide additional support to the strong export performance of those countries. A clear improvement of the business cycle in Europe at the end of 2005 might start strengthening those currencies again.

Optimism prevails at the end of the year 2005; it even exceeds the enthusiasm existing twelve months ago among the analysts. The inevitable correction of accumulated economic imbalances is further postponed. Carpe annum.

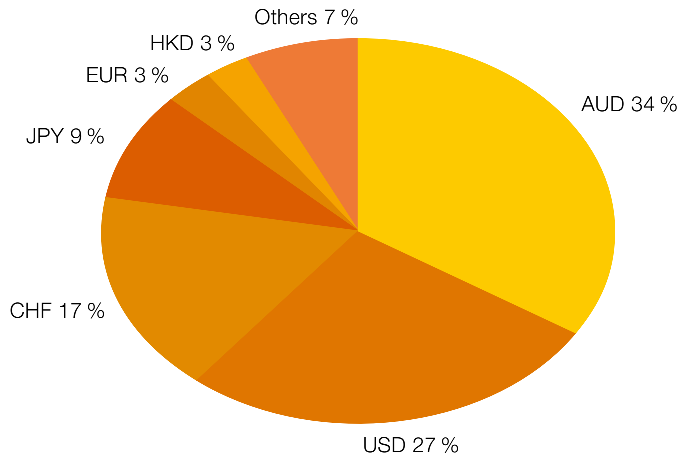
Financing and repayments during the financial year 2005

Financing

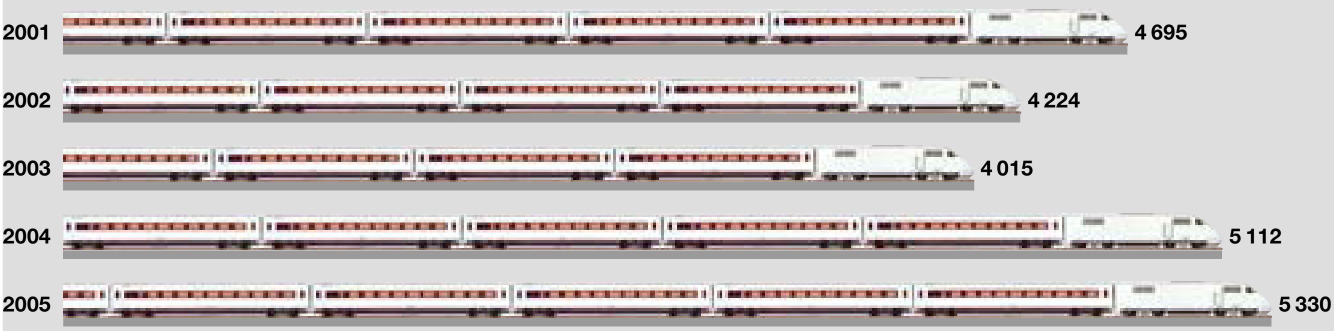
Based on exchange rates at the balance sheet date, financing in 11 different currencies reaches the equivalent of CHF 5 330 million. This sum is distributed as follows:

Type of financing	Equivalent in million CHF
Bond issues	952
Programme for the Issuance of Debt Instruments	3 566
Loans	665
Commercial Paper	147
Total	**5 330**

Distribution of financing according to currencies



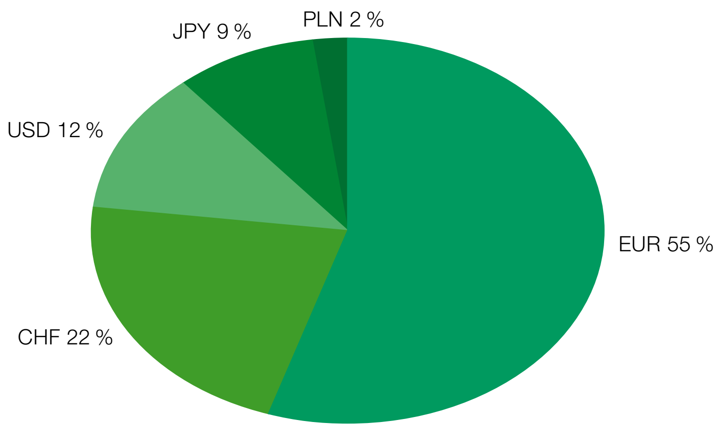
Evolution of financing (in million CHF)



Repayments

Based on exchange rates at the balance sheet date, repayments reach the equivalent of CHF 2 470 million. Of this amount, CHF 685 million is due to repayments on short-term financing.

Distribution of repayments according to currencies



Tithorea–Amphikleia, 11:24

Equipment financed during the financial year 2005

EUROFIMA concluded 39 contracts with 15 shareholders or their affiliates for the financing of railway equipment or leasing contracts concluded by the shareholders. The railway equipment and the related financing amounts are given below.

Country	Railway/ Company	Locomotives			Multiple-unit trains			Passenger cars	Freight cars	Amount of financing (in million CHF)
		main-line		shunting	motor units		trailer cars			
		diesel	electric		diesel	electric				
Italy	FS	1	185		75	124	194	1 152		934
Belgium	SNCB							70		280
Spain	RENFE					166	176			779
Switzerland	SBB		9	26		43	56			300
Serbia and Montenegro	JŽ		29			12	12	5		43
Luxembourg	CFL					12	24		59	130
Austria	ÖBB	2	70	6	20	82	102			539
Portugal	CP					22	22			86
Greece	OSE	10			29		58	106		467
Hungary	MÁV		17							44
Slovakia	ZSSK							13		16
Czech Republic	ČD		1			4	8	9		70
Croatia	HŽ				3		3	10		30
Bulgaria	BDZ	5	8							16
CISALPINO	CISALPINO AG					8	20			90
Total		**18**	**319**	**32**	**127**	**473**	**675**	**1 365**	**59**	**3 824**

EUROFIMA holds title or security interests deemed equivalent (in particular pledges) to the railway equipment until the funds have been fully reimbursed.
For the distribution of the railway equipment see page 13.

Equipment financing contracts at December 31, 2005

The following tables show the breakdown of the financing provided by EUROFIMA.

Currency distribution

Currency	Equipment financing contracts		
	in currency units	equivalent in CHF	in %
	(in million)	(in million)	
CHF	1 939.2	1 939.2	6.51
EUR	10 294.8	16 034.2	53.85
JPY	3 300.0	36.9	0.13
SEK	4 251.8	703.7	2.36
USD	8 396.9	11 062.9	37.15
	–	29 776.9	100.00
Valuation difference of swap agreements		–1 343.7	
Total	**–**	**28 433.2**	

Geographical distribution

Country	Railway/Company	Total financed	
		in million CHF	in %
Germany	DB AG	2 903.6	9.75
France	SNCF	5 005.9	16.81
Italy	FS	2 854.5 (1)	9.59
Belgium	SNCB	4 138.8	13.90
Netherlands	NS	1 195.0	4.01
Spain	RENFE	2 598.1	8.73
Switzerland	SBB	2 840.4	9.54
	CISALPINO AG	204.7 (2)	0.69
	Hupac AG	30.0 (3)	0.10
Serbia and Montenegro	JŽ	230.8	0.78
Sweden	SJ	2 153.4	7.23
Luxembourg	CFL	284.6	0.96
Austria	ÖBB	1 997.2 (4)	6.70
	CRL	23.4 (5)	0.08
	IWAG	67.0 (5)	0.22
Portugal	CP	1 150.7	3.86
Hungary	MÁV	444.9 (6)	1.49
	ROeEE/GySEV	8.3 (7)	0.03
Czech Republic	ČD	163.5	0.55
Slovakia	ZSSK	74.8	0.25
Greece	OSE	970.4	3.26
Croatia	HŽ	153.6	0.52
Slovenia	SŽ	239.9	0.81
Bosnia and Herzegovina	ŽBH	18.3	0.06
Bulgaria	BDZ	15.6	0.05
FYR Macedonia	CFARYM	9.5	0.03
Total		**29 776.9**	**100.00**

(1) 530.1 million of which assumed by the Italian State
(2) Obligations guaranteed by FS and SBB
(3) Obligations guaranteed by SBB
(4) Equipment financing contracts concluded with ÖBB until December 31, 2004 and with ÖBB-Holding Ltd. and its direct and indirect holdings since January 1, 2005
(5) Obligations guaranteed by ÖBB
(6) 253.3 million of which assumed by the Hungarian State
(7) 5.1 million of which assumed by the Hungarian State
The remaining 3.2 million is guaranteed by MÁV

Equipment at December 31, 2005

The following table indicates the equipment of each shareholder or their affiliates to which the company holds title or in which it has a direct or indirect security interest deemed equivalent, in particular pledges.

Country	Railway/ Company	Locomotives			Multiple-unit trains			Passenger cars	Freight cars	Other equip-ment
		main-line		shunting	motor units		trailer cars			
		diesel	electric		diesel	electric				
Germany	DB AG		443	12	14	62	386		3 161	5
France	SNCF		170	9		312	1 214		17	
Italy	FS	1	402		75	258	490	1 445	335	
Belgium	SNCB	101	166	27	152	333	275	887	3 260	28
Netherlands	NS		49	80		49	110	220		
Spain	RENFE	106	78		9	409	535			
Switzerland	SBB		110	26		230	535			
Serbia and Montenegro	JŽ	2	68	54	3	31	40	130	390	
Sweden	SJ	50	238			83	210	425	6 102	
Luxembourg	CFL		19		6	12	24		589	
Austria	ÖBB	86	413	98	23	93	124	372	284	
Portugal	CP	28	51	46	128	244	387	81	1 496	
Greece	OSE	36	6		55	40	149	106	278	
Hungary	MÁV	158	277	146	240	23		90		
Croatia	HŽ	12	16	14	30	24	35	135	981	22
Slovenia	SŽ		20			60	20			
Bosnia and Herzegovina	ŽBH							5	90	
Slovakia	ZSSK				15			63		
FYR Macedonia	CFARYM		3		2		4	2		
Czech Republic	ČD		5			7	14	25		
Bulgaria	BDZ	5	8							
CISALPINO	CISALPINO AG					23	35			
Hupac	Hupac AG								284	
Raab-Ödenburg Ebenfurter Eisenbahn AG	ROeEE/ GySEV		4	8				9		
Car Rail Logistics GmbH	CRL								175	
Industriewaggon AG	IWAG								6 979	
Total		**585**	**2 546**	**520**	**752**	**2 293**	**4 587**	**3 995**	**24 421**	**55**
of which under construction			36			291	484	106		

Results in 2005 and outlook for 2006

Results 2005

The development of EUROFIMA's activities in 2005 is positive. The financial results for the year exceed both the budgeted targets and the levels of the previous year.
EUROFIMA records a net profit of CHF 47.2 million for 2005, compared with CHF 43.1 million for 2004.
The level of new railway equipment financing concluded during the year amounts to CHF 3.8 billion (2004: CHF 3.4 billion). This represents the highest annual volume reached in the last ten years and an increase of 12.8 % over the level achieved in 2004.

Profit and loss account

The principal factors contributing to the rise in the net profit are higher net interest income and commissions income as well as lower provisioning.
At CHF 33.2 million, net interest income is 4.4 % higher than in the previous year. This source of income benefits from a larger investment volume. However, the historic low yields achieved on new investments and re-investments in the interest-bearing security holdings continue to influence the development of the net interest income negatively.
Commissions income on equipment financing contracts rises by 7.4 % to CHF 15.2 million. This evolution originates in the strong volume of railway equipment financing concluded in 2005 and in the previous year.
Income from other financial operations shrinks by 11.0 % to CHF 9.2 million. The reduction of this source of income is due to both lower commissions on leasing transactions and lower security gains.
Total operating cost, made up of operating expenses, financial operations charges and depreciation on fixed assets, grows by 1.0 % to CHF 8.1 million. Once again the increase in the total operating cost reflects essentially higher financial operations charges from external counterparties (+5.6 %). As a result of an effective control of internal costs and on-going budgetary discipline, the evolution of operating expenses and depreciation on fixed assets remains subdued (+0.3 %).
The total allocation to the provisions amounts to CHF 2.3 million (2004: CHF 5.3 million). The new provisioning relates almost exclusively to the coverage of swap counterparty risks.

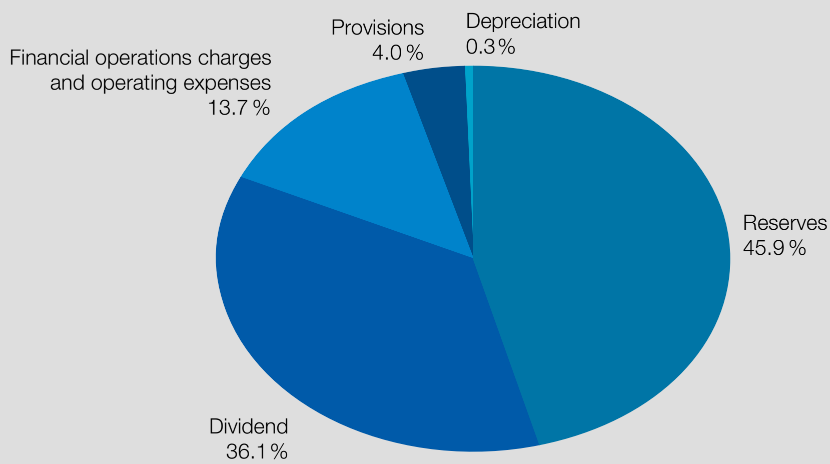
Net profit and cash flow (in million CHF)

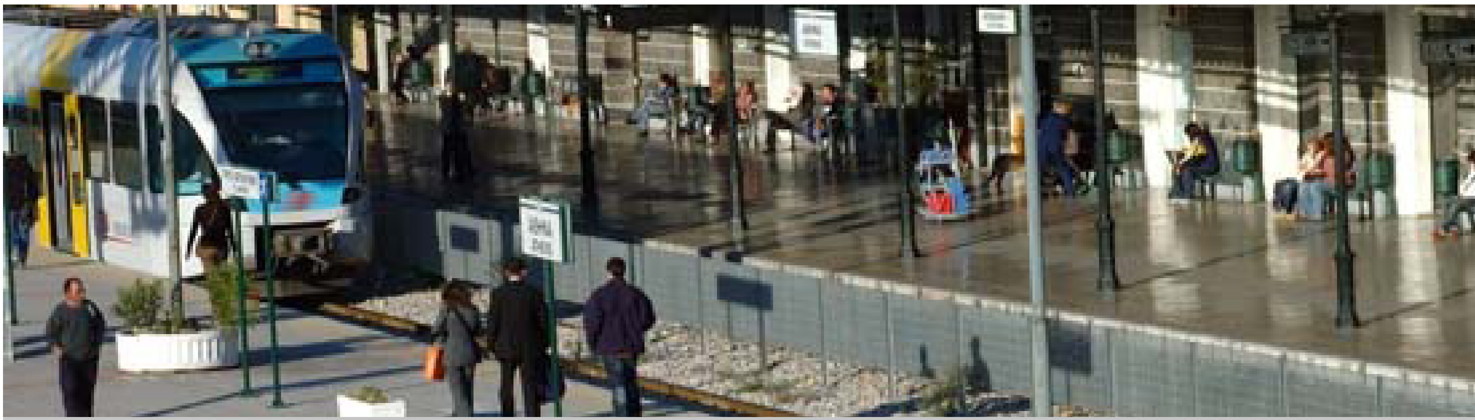
Balance sheet
Reflecting the higher business volume, total assets expand for the second consecutive year. They increase by CHF 4.3 billion to reach CHF 33.5 billion (+14.7 %). This growth is due partially to the weakening of the Swiss franc. Based on the same exchange rates used at the end of the previous year, total assets amount to CHF 31.7 billion (+8.7 %).
At the end of the year, the portfolio of equipment financing contracts totals CHF 28.4 billion (2004: CHF 23.9 billion). The credit quality of the portfolio remains high. No equipment financing contract has to be written off. No payment under any equipment financing contract is overdue.
The balance sheet structure remains very sound. After appropriation of the surplus, equity capital amounts to 10.4 % of borrowings compared to 12.0 % in 2004. Provisions and reserves stand at CHF 704.8 million (2004: CHF 677.7 million).

Financial risk management
EUROFIMA's financial risk management is characterized by a prudent approach towards financial risk taking. It focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of EUROFIMA.
A comprehensive set of internal policies is in place, covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk and the use of derivative financial instruments. These policies are reviewed on a regular basis.
EUROFIMA's exposure to foreign exchange risk, interest rate risk and counterparty risk is controlled by a system of pre-approved limits. Such limits are reviewed and adjusted periodically in the light of external developments and gained experience.
EUROFIMA is an end-user of derivative financial instruments such as interest rate and currency swaps, forward rate agreements and foreign exchange contracts. EUROFIMA uses these instruments to protect itself against market risks in its borrowing, lending and investment activities. EUROFIMA does not use credit derivatives.

(i) Foreign exchange and interest rate risk
EUROFIMA's exposure to foreign exchange and interest rate risks arises primarily from the fact that its borrowing operations are often carried out in a currency and with interest rate terms differing from those of its equipment financing contracts. The resulting foreign exchange and interest rate risk is hedged by using interest rate and currency swaps systematically on a back-to-back basis. As a result, the currency and interest rate risk profile of the borrowings is matched synthetically with the profile of the equipment financing contracts. An open exposure to foreign exchange and interest rate risk exists only in the investment of the equity and the management of the liquidity. It is kept within very narrow limits.
The major part of EUROFIMA's equity is invested in interest-bearing securities and placements with credit institutions. It is also engaged to a limited extent to fund individual equipment financing contracts. These investments are exposed to changes in market interest rates. Indeed, the interest income derived from these investments is influenced by the level of market interest rates prevailing at the time

Use of net operating income





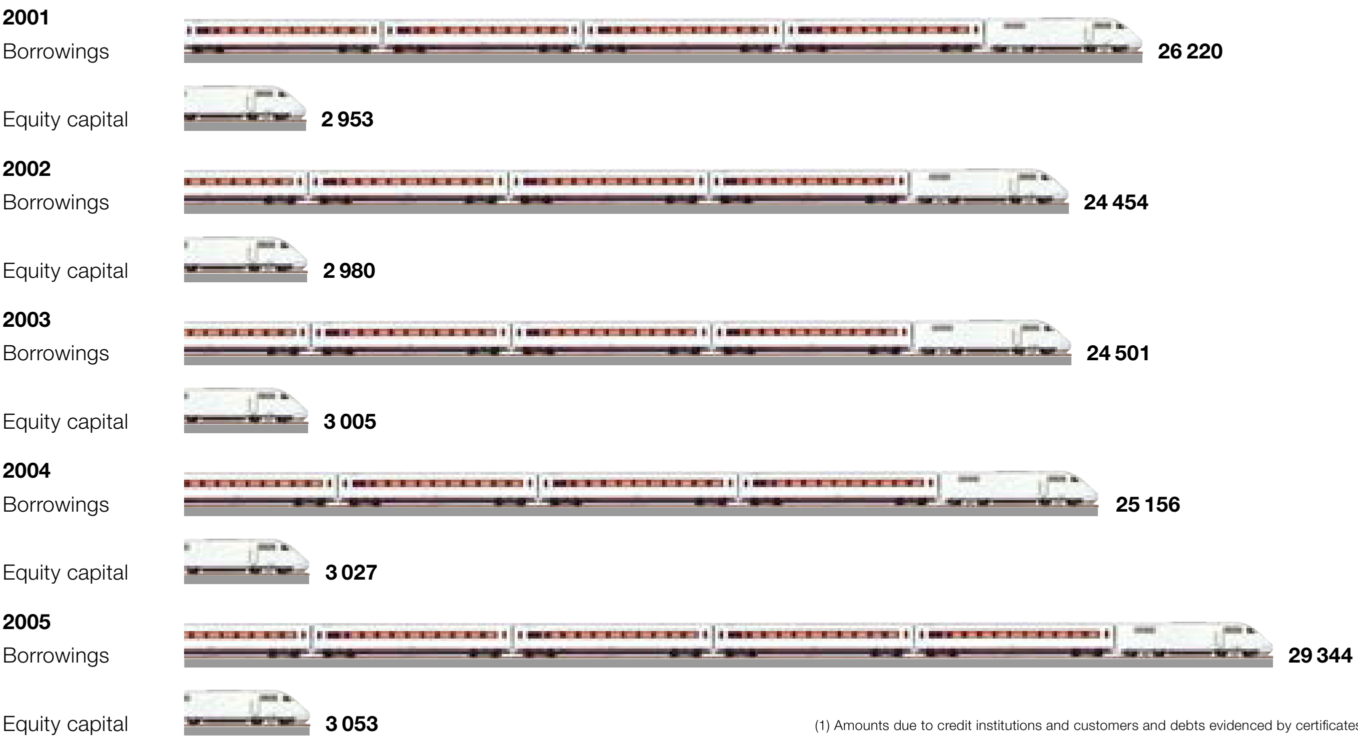
of their investment or re-investment. The company's earnings are also affected by the fluctuations in the market value of the marked-to-market security holdings which are induced by changes in market interest rates.
Pre-funding is limited to a maximum level of EUR 1 billion. It allows to tap the capital markets when borrowing conditions are particularly favorable. In order to minimize the interest rate risk potentially associated with such pre-funding, all pre-funding operations are executed (after swaps) on a variable interest rate basis.

(ii) Credit risk
Credit risk corresponds to the potential loss that could result from a deterioration in the credit-worthiness of counterparties or their default. EUROFIMA is exposed to credit risk in its borrowing, lending and investment activities. It follows a prudent approach towards credit and counterparty risk arising in connection with such activities.
Only financial counterparties with a high credit standing are accepted. Individual counterparty limits are monitored and reviewed on a regular basis. In particular, the credit exposure which arises when EUROFIMA has a positive replacement value with individual swap counterparties is carefully monitored. EUROFIMA follows a policy of provisioning for its counterparty risk with financial swap counterparties.
The credit risk attached to the portfolio of equipment financing contracts is reviewed regularly. EUROFIMA aims at adequately covering the potential counterparty exposure with the weakest railways by the country risk provision and the guarantee reserve.

(iii) Liquidity risk
EUROFIMA's goal is to maintain a sufficient pool of liquidity to cover any short-term cash requirements. This pool of funds is invested in placements with credit institutions as well as highly rated debt instruments. EUROFIMA strives to secure a level of net liquidity that would meet its liquidity needs under distressed conditions for a period of twelve months.

Outlook for 2006
EUROFIMA expects to maintain a very satisfactory financial performance over the next twelve months. However, the historic low level of market interest rates will continue weighing on the development of the net interest income. As a result, EUROFIMA budgets for lower earnings in 2006. As to the demand for new equipment financing contracts, it should fall short of the record level of 2005. EUROFIMA will remain committed to maintaining an effective control of operating costs and strict risk management.

Borrowings (1) and equity capital in million CHF



(1) Amounts due to credit institutions and customers and debts evidenced by certificates

Larisis railway station, Athens, 17:28

Annual accounts

Profit and loss account 2005

Balance sheet at December 31, 2005

Flow of funds statement 2005

Channel of Corinth, 11:16

Profit and loss account 2005

	Notes	2004 CHF	**2005 CHF**
Interest and similar income	(1)	1 354 135 369	1 405 097 274
Interest and similar charges	(2)	–1 322 354 053	–1 371 932 326
Net interest income		**31 781 316**	**33 164 948**
Commissions income	(3)	14 191 664	15 238 459
Income from other financial operations	(4)	10 377 214	9 231 943
Net operating income		**56 350 194**	**57 635 350**
Financial operations charges	(5)	–1 007 934	–1 064 480
Operating expenses	(6)	–6 709 363	–6 846 550
a) Personnel expenses		*–5 233 625*	*–5 463 755*
b) Other operating expenses		*–1 475 738*	*–1 382 795*
Gross operating profit		**48 632 897**	**49 724 320**
Depreciation on fixed assets	(7)	–279 276	–163 998
Provisions and other value adjustments	(8)	–5 300 000	–2 318 000
Net profit for the financial year		**43 053 621**	**47 242 322**

Balance sheet at December 31, 2005 Before appropriation of surplus

Assets	Notes	2004 CHF	%	**2005 CHF**	**%**
Cash, postal account, due from banks and money market paper	(9)	1 555 223 753	5.4	**1 069 777 752**	**3.2**
Fixed income and other securities	(10)	908 909 851	3.1	**1 078 601 371**	**3.2**
Equipment financing contracts	(11)	23 921 212 806	81.9	**28 433 175 730**	**84.9**
Fixed assets	(12)	1	.	**1**	**.**
Unpaid subscribed share capital	(13)	2 080 000 000	7.1	**2 080 000 000**	**6.2**
Other assets	(14)	8 653 342	.	**7 714 530**	**.**
Accrued income and prepaid expenses	(15)	730 061 988	2.5	**831 788 197**	**2.5**
Total		29 204 061 741	100.0	**33 501 057 581**	**100.0**
Liabilities					
Amounts due to credit institutions and customers	(16)	4 280 019 028	14.6	**4 775 330 664**	**14.2**
Debts evidenced by certificates	(17)	20 875 713 423	71.5	**24 568 227 723**	**73.3**
a) Senior borrowings		*18 902 152 437*		***23 022 247 494***	
b) Subordinated borrowing		*100 000 000*		***100 000 000***	
c) Other debts evidenced by certificates		*1 873 560 986*		***1 445 980 229***	
Other liabilities	(18)	39 998 081	0.1	**22 869 389**	**0.1**
Accrued expenses and deferred income	(19)	709 367 426	2.4	**807 476 191**	**2.4**
Provisions for liabilities and charges	(20)	251 141 224	0.9	**252 888 733**	**0.8**
Subscribed share capital	(21)	2 600 000 000	8.9	**2 600 000 000**	**7.8**
Reserves	(22)	403 424 000	1.4	**426 577 000**	**1.3**
Surplus to be distributed		44 398 559	0.2	**47 687 881**	**0.1**
a) Unappropriated surplus previous year		*1 344 938*		***445 559***	
b) Net profit for the financial year		*43 053 621*		***47 242 322***	
Total		29 204 061 741	100.0	**33 501 057 581**	**100.0**

Flow of funds statement 2005

	2004 CHF	**2005** **CHF**
Net profit for the financial year	43 053 621	47 242 322
Depreciation on fixed assets	279 276	163 998
Provisions and other value adjustments	5 300 000	2 318 000
Cash flow	*48 632 897*	*49 724 320*
Accrued income and prepaid expenses	111 038 007	–101 726 209
Accrued expenses and deferred income	– 105 556 201	98 108 765
Other	16 217 764	–16 727 384
Net flow of funds resulting from operating activity	**70 332 467**	**29 379 492**
Borrowings	5 112 000 234	5 329 786 153
Repayments	–3 823 393 114	–2 470 059 673
Equipment financing contracts	–3 390 076 442	–3 823 669 266
Repayments from the railways on equipment financing contracts	1 714 699 717	741 936 694
Adjustment of book value and valuation difference of swap agreements	355 465 092	–102 327 881
Net flow of funds resulting from financing activity	**– 31 304 513**	**–324 333 973**
Dividend	– 20 800 000	–20 800 000
Net flow in equity capital	**– 20 800 000**	**–20 800 000**
Increase (+)/Decrease (–) in liquid assets and securities holdings	18 227 954	–315 754 481
Liquid assets and securities holdings at the beginning of the financial year	2 445 905 650	2 464 133 604
Liquid assets and securities holdings at the end of the financial year	**2 464 133 604**	**2 148 379 123**

Thiva–Aliartos, 10:45

Appendix

ČKD Vagonka EUS 471 (ČD)

Alstom Pendolino (CISALPINO)

Siemens S/464 Tren CIAVA (RENFE)

ČKD Vagonka EUS 471 (ČD)

Accounting and valuation principles

General principles

The company's annual accounts include the profit and loss account, the balance sheet, the flow of funds statement and the appendix. Even though not subject to legislation by the European Union, EUROFIMA prepares its annual accounts in conformity with the fourth directive of the European Union (78/660/EEC) as well as with the directive of December 8, 1986 relating to annual accounts and consolidated accounts of banks and other financial institutions (86/635/EEC).

The items of the profit and loss account and the balance sheet are detailed in the explanatory notes.

Assessments made in preparing the annual accounts

In the process of preparing the company's annual accounts, the management has to make estimates affecting the company's net profit and its financial situation as well as other information disclosed in the annual report. Such assessments are based on the available information and the management's best estimates of the situation. Therefore, the future financial outcome may deviate from the assessments made.

Introduction of the euro

The introduction of the euro in 1999 led to a change in the distribution by currency of certain elements of the balance sheet. The euro, the former ECU, and all the currencies which rejoined the European Monetary Union are presented in a consolidated manner. However, debts evidenced by certificates, which are not subject to redenomination by EUROFIMA, continue to be listed under their original currencies and denominations.

Accounting conventions

The annual accounts are prepared in accordance with the historical cost convention, except some items described in the explanatory notes, which are recorded at their market value. All transactions concluded up to the closing of the books are recorded. Transactions are booked on the balance sheet on a value date basis. They are recorded off-balance sheet upon conclusion until their value date. Their total is indicated under the item "Off-balance sheet business".

Foreign currency conversion

The annual accounts are expressed in Swiss francs. All book entries are recorded in their original currencies. Income and expenses are converted at the exchange rates prevailing on the day of their booking. As of the closing of the books, the accounts on the balance sheet and the outstanding foreign exchange contracts are revalued at the exchange rates prevailing on the balance sheet date. Profits and losses resulting from this revaluation are taken to the profit and loss account. Exchange rates used for the closure of the financial year are listed in the explanatory notes.

Amounts due from banks and money market paper

Amounts due from banks are recorded at their nominal values. Money market paper is valued at adjusted cost, while the difference between the effective cost and redemption value is included linearly in the profit and loss account over its residual life.

Fixed income and other securities

Within the framework of its liquidity management and the reinforcement of its creditworthiness, EUROFIMA has split its holdings of debt securities into two categories:

a) Investment securities holdings

These securities are purchased with the intention of holding them on a durable basis and for use on a continuous basis in the activities of the company (financial investments). The risks associated with these securities, related funding and risk hedging are managed to generate a steady profit stream from the investment securities holdings. These securities are divided into two categories: first, those intended to be kept until their final maturity; second, those available for sale, but not constituting trading positions. They are booked at the cost at which they were acquired, excluding the accrued coupon. Premiums or discounts are amortized linearly over the remaining life. Interest rate related fluctuations are not taken into account. At every closing of the books, a global value adjustment is made on the securities' book value for possible diminution in value of a permanent nature.

b) Marked-to-market securities holdings

These security positions are held for the shorter term against first liquidity requirements or for temporary hedging purposes (current assets). These securities are part of the item "Cash, postal account, due from banks and money market paper" which constitutes the first liquidity of the company. They are marked to market and the resulting unrealized profits and losses are taken to the profit and loss account.

Equipment financing contracts
Equipment financing contracts are recorded on the balance sheet at their nominal values. Interest relating thereto is booked in the profit and loss account under "Interest and similar income". When the proceeds from a borrowing in a given currency are transformed by a currency swap into the currency desired by the railways, the equipment financing contracts concerned are booked in the currencies resulting from the exchanges. Contrarily, the borrowings are booked in the original currencies. At every closure of the accounts, the valuation of the related currency swaps adjusts the item "Equipment financing contracts".

Fixed assets
Fixed assets are recorded on the balance sheet at their acquisition cost increased by the appreciation resulting from investments and after deduction of cumulative depreciation. Fixed assets acquired in the course of normal replacement are written off fully during the year of their acquisition.

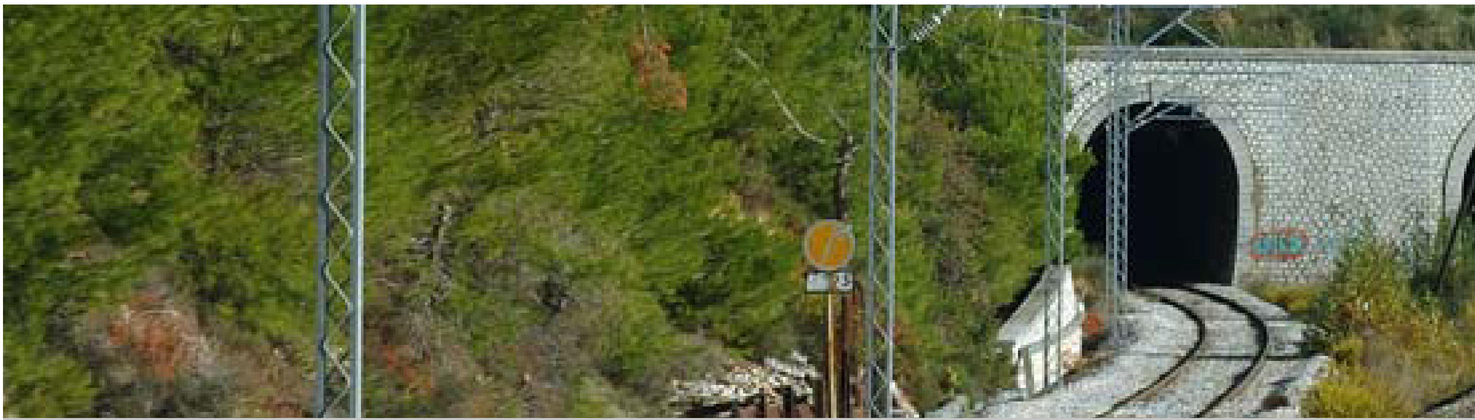
Provisions
General risk provisions are maintained to cover prudently the overall counterparty risks inherent in the equipment financing contracts and swaps portfolios. The accumulated provisions are based on a periodic review and assessment of the existing and anticipated collectibility risks in the total portfolios. While EUROFIMA has not written off any of its outstanding equipment financing contracts, a 100 % interest and other charges provisioning is established with respect to principals and interests overdue by more than 180 days. Adjustments to the accumulated provisions are recorded in the profit and loss account.

Reverse repurchase transactions (reverse repos)
These consist of transactions through which the company invests part of its short-term liquidity with credit institutions, which in turn provide collateral in the form of debt securities. This type of transaction constitutes an irrevocable engagement to terminate the transaction at a predetermined date and price. They are recorded in the balance sheet at the net amount paid under "due from banks".

Derivative financial instruments
In the normal course of its borrowing, lending and investment activities, EUROFIMA is a careful end-user of financial derivatives. These instruments include primarily swaps, foreign exchange forward contracts, options and forward rate agreements. They are used by EUROFIMA to protect or hedge itself against interest rate and foreign exchange risks associated with its assets, liabilities and anticipated future cash flows. The total amount of the outstanding contracts with external counterparties (i.e. non-shareholders) is given under the item "Off-balance sheet business".
Derivative instruments used for such protection or hedging purposes are generally valued in the same way as the underlying items they are designed to hedge. Most of these instruments are held on a long-term basis, with no turnover before maturity. Derivative transactions treated in the accounts as hedges are clearly designated as such at the inception of the contract. Realized net profits resulting from the early termination of a hedge are spread over the remaining term of the instrument, i.e. up to the original final maturity.

Taxation
The Additional Protocol to the Convention relative to EUROFIMA's constitution of October 20, 1955 and amended March 4, 1998 defines the tax exemptions to which the company is entitled in Switzerland.

Depreciation
The railway equipment represented by the equipment financing contracts is depreciated directly by the railways.



Explanatory notes

The financial year corresponds to the calendar year (January 1 – December 31). The amounts are indicated in CHF.

Exchange rates at balance sheet date

Currency	CHF	Currency	CHF
1 AUD	0.961300	100 NOK	19.435000
1 CAD	1.128450	1 NZD	0.897650
100 DKK	20.884100	100 PLN	40.370000
1 EUR	1.557500	100 SEK	16.550000
1 GBP	2.263450	1 TRY	0.975700
1 HKD	0.169950	1 USD	1.317500
100 JPY	1.117850	1 ZAR	0.207750
100 MXN	12.234300		

Profit and loss account

1 Interest and similar income

This position includes interest from equipment financing contracts (1 347 012 232), bank deposits (8 396 255), money market paper (12 389 339) as well as fixed income and other securities (40 891 999). The foreign exchange result (5 200) and other interest and similar income (–3 597 751) are also included in this position.
This item increases by 51.0 million or +3.8 %.

2 Interest and similar charges

This item is composed of interest on amounts due to credit institutions and customers (230 464 483), interest on debts evidenced by certificates (1 106 574 528), net interest balance on swap agreements (34 238 352) as well as other interest and similar charges (654 963).
This item increases by 49.6 million or +3.7 %.

3 Commissions income

Income from commissions on equipment financing contracts is reported here. The commission rate is based on the borrower's creditworthiness, varying between 0.025 % and 0.5 % per annum.
These commissions increase by 1.0 million or +7.4 %.

4 Income from other financial operations

This item is composed of income on securities transactions (8 830 785) and commissions from leasing transactions (508 155). The remaining amount contains earnings from swap agreements as well as various other sources of income (–106 997).
This item decreases by 1.1 million or –11.0 %.

5 Financial operations charges

These are bank and borrowing charges.
This item increases by 0.1 million or +5.6 %.

6 Operating expenses

Personnel expenses

This item includes salaries (4 044 359) and employee benefits (1 355 745), particularly contributions to the pension funds for the personnel. The employees' retirement plans are guaranteed by a multi-employer plan independent of the company. Net allocations to the provisions for accrued vacation (53 000) and seniority allowances (10 651) are also booked as personnel expenses.

Other operating expenses

This item contains primarily IT services, legal and other expertise provided by third parties as well as the maintenance of the company's premises.
The operating expenses increase by 0.1 million or +2.0 %.

7 Depreciation on fixed assets

This depreciation applies to the furnishings, hardware and software as well as other fixed assets.
This item decreases by 0.1 million or –41.3 %.

8 Provisions and other value adjustments

This item includes allocations to the provisions for country risks (0) and swap risks (2 000 000). Also included are provisions for various projects (318 000).
This item decreases by 3.0 million or –56.3 %.

Balance sheet

Assets

9 Cash, postal account, due from banks and money market paper

This item consists of cash and postal account (44 104), amounts due from banks on demand (4 786 019), amounts due from banks on time (311 513 900), money market paper (471 567 096) as well as the marked-to-market securities holdings (281 866 633).
The maturity structure of these assets is as follows:

– Amounts due from banks on demand and marked-to-market securities holdings	286 696 756	26.8 %
– Other assets having a maturity of less than 3 months	651 486 934	60.9 %
– Other assets having a maturity of more than 3 months	131 594 062	12.3 %
	1 069 777 752	100.0 %

The decrease of this item is 485.4 million or –31.2 %.

10 Fixed income and other securities

These securities constitute the investment securities holdings. They can be analyzed as follows:

– EUROFIMA's securities	0	0.0 %
– Third-party securities	1 078 601 371	100.0 %
Book value at 31.12.2005	1 078 601 371	100.0 %
Nominal value at 31.12.2005	1 093 675 000	

Third-party securities consist exclusively of first-class counterparties. The average rating of these securities is Aaa/AAA. None of these is pledged or subordinated and the predominant part (92.7 %) is listed on stock exchanges. 7.3 % of these securities is related to swaps. The nominal value of securities due in less than one year amounts to 305 900 000.

The global value adjustment included in the book value is 17 424 000 or 1.6 %.

EUROFIMA participates in the program of loans and borrowings of securities managed by Euroclear. At 31.12. 2005, the market value of the securities on-lent reaches 3 193 876.

This position increases by 169.7 million or +18.7 %.

11 Equipment financing contracts

These equipment financing contracts are concluded exclusively with the shareholders or their guaranteed affiliates.

Balance at 01.01.2005	23 921 212 806	
Valuation difference of swap agreements at 31.12.2004	1 056 577 947	
	24 977 790 753	
Equipment financings 2005	3 823 669 266	
	28 801 460 019	
Amortization 2005	–741 936 694	
	28 059 523 325	
Difference resulting from a currency change of some equipment financing contracts	17 184 809	
Adjustment of the book value at 01.01.2005 at the foreign currency exchange rates at 31.12.2005	1 700 175 319	
Valuation difference of swap agreements at 31.12.2005	–1 343 707 723	
Net book value of the equipment financing contracts	28 433 175 730	
The maturity structure of these amounts is as follows:		
– less than 1 year	1 635 437 381	5.5 %
– from 1 to 5 years	6 110 591 750	20.5 %
– more than 5 years	22 030 854 322	74.0 %
		100.0 %
– valuation difference of swap agreements at 31.12.2005	–1 343 707 723	
	28 433 175 730	

The nominal amount of equipment financing contracts represented by debt securities is 2 324 413 000.

The net value of the equipment financing contracts increases by 4 512.0 million or 18.9 %.

12 Fixed assets

Fixed assets are listed as follows:

Premises “Ritterhof”, the company’s offices	
Purchase price (investments included)	4 258 528
. /. cumulative depreciation	4 258 527
Net book value	1
Fire insurance value at 01.01.2006	9 398 000
IT systems and other fixed assets	
Purchase price	2 839 552
. /. cumulative depreciation	2 839 552
Net book value	–

13 Unpaid subscribed share capital

The unpaid subscribed share capital may be called in unconditionally at any time by decision of the Board of Directors.

14 Other assets

These assets pertain to the refinancing of amounts due by a railway (5 000 000) as well as various other assets (2 714 530).

This item decreases by 0.9 million or –10.8 %.

15 Accrued income and prepaid expenses

This item covers mainly accrued, but at 31.12.2005 not yet matured, interest and commissions on equipment financing contracts (812 540 658), interest on bank deposits, fixed income and other securities (18 920 675) as well as other accrued income and prepaid expenses (326 864).

The increase is 101.7 million or +13.9 %.

Liabilities

16 Amounts due to credit institutions and customers

The total of these liabilities is:

Balance at 01.01.2005	4 280 019 028	
Financing during 2005	665 259 224	
	4 945 278 252	
Redemptions during 2005	–529 203 841	
	4 416 074 411	
Adjustment of the book value at 01.01.2005 at the foreign exchange rates at 31.12.2005	359 256 253	
	4 775 330 664	
The structure according to the maturities is as follows:		
– less than 1 year	241 885 831	5.1 %
– from 1 to 5 years	990 666 530	20.7 %
– more than 5 years	3 542 778 303	74.2 %
	4 775 330 664	100.0 %

Amounts due to shareholders and related entities included in this item come to 2 764 444 710.

The amount due to credit institutions and customers payable on demand is 0.

17 Debts evidenced by certificates

The sum of debts evidenced by certificates is:

Balance at 01.01.2005	20 875 713 423	
Financing during 2005	4 664 526 929	
	25 540 240 352	
Redemptions during 2005	–1 940 855 832	
	23 599 384 520	
Adjustment of the book value at 01.01.2005 at the foreign exchange rates at 31.12.2005	968 843 203	
	24 568 227 723	
The structure according to maturities is as follows:		
– less than 1 year	1 854 435 464	7.5 %
– from 1 to 5 years	7 124 006 768	29.0 %
– more than 5 years	15 589 785 491	63.5 %
	24 568 227 723	100.0 %

A table with details on the debts evidenced by certificates at 31.12.2005 may be found on pages 30 to 33.

18 Other liabilities

This item contains future fiscal agency costs on outstanding issues (2 561 831), withholding tax to be paid (15 176 876), the valuation difference of swap contracts in the treasury having a net negative valuation (0) as well as other liabilities (5 130 682).

These liabilities decrease by 17.1 million or –42.8 %.

19 Accrued expenses and deferred income

This item consists of accrued, but at 31.12.2005 not yet matured, interest on amounts due to credit institutions and customers (178 166 279) as well as on debts evidenced by certificates (427 366 030), net interest on swap agreements (200 163 058) and other accrued expenses and deferred income (1 780 824).

The increase is 98.1 million or +13.8 %.

20 Provisions for liabilities and charges

This item includes provisions covering country risks (168 250 000), risks on swaps (80 119 888), as well as expenses for various projects (3 934 063). Provisions for possible claims of the collective pension plan for the personnel (241 420), for accrued vacation (286 000) and seniority allowances (57 362) are also included in this item.

The provisions increase by 1.7 million or +0.7 %.

21 Subscribed share capital

The subscribed share capital is made up of 260 000 registered shares, 20 % of which are paid in.

22 Reserves

This item is composed of the ordinary reserve (55 077 000) and the guarantee reserve (371 500 000).

Isthmos–Diakopto, 12:55

Off-balance sheet business		31.12.2004	**31.12.2005**	Change	31.12.2004	**31.12.2005**	Change
Contingent liabilities		0	0	0			
Transactions with value date after balance sheet date			**Settlement amounts**				
Loans, security sales		0	0	0			
Deposits, security purchases		20 235 366	0	–20 235 366			
			Notional amounts				
Off-balance liabilities for which recourse is limited to or which are offset by a matching off-balance asset of the company		1 741 297 502	1 269 885 971	–471 411 531			
Open derivative contracts			**Notional amounts**			**Gross replacement values**	
Interest rate contracts		**3 805 108 356**	**2 917 316 551**	**–887 791 805**	**116 280 265**	**183 002 746**	**66 722 481**
OTC	FRAs	1 133 490 500	0	–1 133 490 500	157 913	0	–157 913
	Swaps	2 671 617 856	2 917 316 551	245 698 695	116 122 352	183 002 746	66 880 394
	Options	0	0	0	0	0	0
Exchange traded	Futures	0	0	0	0	0	0
	Options	0	0	0	0	0	0
Foreign exchange contracts		**14 989 523 439**	**19 839 996 583**	**4 850 473 144**	**425 533 326**	**1 119 209 381**	**693 676 055**
OTC	Forward contracts	437 770 161	388 270 984	–49 499 177	1 306 948	840 338	–466 610
	Swaps	14 551 753 278	19 451 725 599	4 899 972 321	424 226 378	1 118 369 043	694 142 665
	Options	0	0	0	0	0	0
Exchange traded	Futures	0	0	0	0	0	0
	Options	0	0	0	0	0	0
Total open derivative contracts		**18 794 631 795**	**22 757 313 134**	**3 962 681 339**	**541 813 591**	**1 302 212 127**	**760 398 536**
Positive net replacement value of swaps taking into account legally enforceable netting arrangements					235 109 323	973 968 731	738 859 408
Total net present value of swaps					–429 756 107	709 712 271	1 139 468 378

The gross replacement value is the sum of the positive marked-to-market values of contracts without taking into account any netting arrangements. For exchange traded contracts subject to daily margin posting, no replacement value is computed. Only external counterparties are taken into account.

Proposed appropriation of surplus

With last year's unappropriated surplus of CHF 445 559 carried forward, the surplus to be distributed is CHF 47 687 881. According to Article 30 of the Statutes, the Board of Directors proposes the following allocation of the surplus to the General Assembly:

	CHF
Appropriation to the ordinary reserve	2 363 000
Dividend of 4 % (statutory maximum) on the paid-in share capital of 520 millions	20 800 000
Appropriation to the guarantee reserve	23 000 000
Unappropriated surplus to be carried forward	1 524 881

Debts evidenced by certificates

Maturity	Callable	Interest rate in %	Initial amount		Year(s) of issuance	Outstanding amounts at December 31, 2005
Bond issues						
AUD						
17.01.2007		9.875	335 000 000		1992	335 000 000
15.09.2009		5.5	335 000 000	(1)	2004/2005	335 000 000
15.08.2010		6	300 000 000	(1)	2005	300 000 000
22.08.2011		6.5	1 000 000 000	(1)	2001/2002	1 000 000 000
28.01.2014		6	700 000 000	(1)	2004/2005	700 000 000
29.07.2015		5.625	100 000 000	(1)	2005	100 000 000
24.10.2016		5.625	200 000 000	(1)	2005	200 000 000
28.12.2018		6.25	1 000 000 000	(1)	2003/2004/2005	1 000 000 000
30.06.2020		5.5	300 000 000	(1)	2005	300 000 000
CAD						
30.12.2008		3.625	195 000 000	(1)	2003	195 000 000
30.01.2009		4	150 000 000	(1)	2004	150 000 000
18.07.2012		5.25	200 000 000	(1)	2002/2003	200 000 000
04.12.2012		4.875	200 000 000	(1)	2002	200 000 000
12.05.2014		4.875	100 000 000	(1)	2004	100 000 000
13.12.2019		5.15	250 000 000	(1)	2004	250 000 000
CHF						
09.10.2006		4.5	100 000 000	(2)	1996	100 000 000
30.04.2007		4	685 000 000		1997	685 000 000
30.06.2008		3.375	200 000 000		1998	200 000 000
03.07.2008		2	215 000 000		2003	215 000 000
30.10.2009		2.75	600 000 000		1999	600 000 000
27.07.2010		3.375	250 000 000		2001	250 000 000
26.09.2011		2.625	200 000 000		2003	200 000 000
16.11.2011		3.375	250 000 000		2001	250 000 000
19.12.2011		2.5	445 000 000		2003/2004	445 000 000
27.02.2012		3.5	500 000 000		2002	500 000 000
09.08.2012		4.375	200 000 000		2000	200 000 000
04.12.2012		2.375	515 000 000		2003	515 000 000
19.06.2015		2.75	565 000 000		2003/2004	565 000 000
15.06.2016		2.25	350 000 000		2005	350 000 000
28.12.2018		3.25	450 000 000		2003/2004	450 000 000
03.08.2020		2.375	345 000 000		2005	345 000 000
29.12.2020		3.375	115 000 000		2004	115 000 000
04.02.2030		2.875	200 000 000		2005	200 000 000

Maturity	Callable	Interest rate in %	Initial amount		Year(s) of issuance	Outstanding amounts at December 31, 2005
Bond issues (continued)						
EUR						
10.04.2007		FRN	120 202 000	(3) (5)	1997	120 202 000
27.10.2009		5.75	400 000 000	(1)	1999	400 000 000
27.12.2012		4.02	120 202 400	(5)	1998	120 202 400
17.09.2014		5.41	300 000 000	(1)	2001	300 000 000
18.11.2014		11	120 202 400	(5)	1994	120 202 400
03.11.2015		10.68	120 202 000	(5)	1995	120 202 000
25.02.2019	2009	10.75/5/				
		4.25/4/FRN	75 000 000	(1) (3)	1999	75 000 000
21.10.2019		4.375	500 000 000	(1)	2004	500 000 000
(DEM) (4)						
11.12.2006		6	550 000 000		1996	550 000 000
18.12.2009		5.625	525 000 000		1997	525 000 000
(FRF) (4)						
13.12.2006		FRN	1 000 000 000	(1) (3)	1996	1 000 000 000
13.03.2007		FRN	1 000 000 000	(1) (3)	1997	1 000 000 000
(ITL) (4)						
23.08.2006		FRN	500 000 000 000	(1)	1997	500 000 000 000
30.12.2009		12.5/8/FRN	100 000 000 000	(1) (3)	1997	100 000 000 000
16.02.2011		11.5/7/FRN	200 000 000 000	(1) (3)	1998	200 000 000 000

(1) Issued under the Programme for the Issuance of Debt Instruments
(2) Subordinated issue
(3) With special conditions
(4) The ISO codes in parentheses correspond to the original currencies of bond issues which have not been re-denominated by EUROFIMA
(5) Re-denominated / originally ESP

Debts evidenced by certificates

Maturity	Callable	Interest rate in %	Initial amount		Year(s) of issuance	Outstanding amounts at December 31, 2005
Bond issues (continued)						
(LUF) [4]						
01.03.2006		6.5	2 000 000 000		1996	2 000 000 000
20.06.2006		6.5	2 000 000 000		1996	2 000 000 000
14.11.2006		6	3 000 000 000		1996	3 000 000 000
(PTE) [4]						
18.04.2006		FRN	15 000 000 000		1996	15 000 000 000
16.07.2007		FRN	10 000 000 000	(1) (3)	1997	10 000 000 000
28.05.2008		FRN	2 864 000 000	(1)	1998	2 864 000 000
(XEU) [4]						
04.06.2007		8.5	500 000 000		1992	500 000 000
GBP						
11.02.2013		4.375	100 000 000	(1)	2003	100 000 000
14.10.2014		6.125	265 000 000	(1)	1999/2000	265 000 000
07.06.2032		5.5	150 000 000	(1)	2001/2002	150 000 000
JPY						
14.05.2009		3.35	3 000 000 000	(1) (3)	1997	3 000 000 000
21.05.2009		3.355	400 000 000	(1) (3)	1997	400 000 000
MXN						
21.12.2010		10	700 000 000	(1)	2005	700 000 000

Maturity	Callable	Interest rate in %	Initial amount		Year(s) of issuance	Outstanding amounts at December 31, 2005
Bond issues (continued)						
NOK						
15.04.2009		6.625	400 000 000	(1)	2002	400 000 000
NZD						
21.10.2010		6.5	200 000 000	(1)	2004/2005	200 000 000
SEK						
05.02.2008		5.625	750 000 000	(1)	1998	750 000 000
29.12.2011		4.375	500 000 000	(1)	2004	500 000 000
TRY						
20.09.2007		14.25	50 000 000	(1)	2005	50 000 000
USD						
15.12.2009		4.36	140 000 000	(1)	2003	140 000 000
15.12.2009		3.92	100 000 000	(1)	2003	100 000 000
02.08.2012		5.125	500 000 000	(1)	2002	500 000 000
14.12.2012		4.39	100 000 000	(1)	2004	100 000 000
04.02.2014		4.25	1 000 000 000	(1)	2004	1 000 000 000
06.03.2015		4.5	1 000 000 000	(1)	2005	1 000 000 000
25.03.2022	2010	6.31	20 000 000	(1)	2002	20 000 000
ZAR						
30.06.2008		7	250 000 000	(1)	2005	250 000 000
					Equivalent in CHF	23 122 247 494
Other debts evidenced by certificates						
Unlisted issues					Equivalent in CHF	349 735 500
Programme for the Issuance of Debt Instruments					Equivalent in CHF	949 485 900
Commercial Paper					Equivalent in CHF	146 758 829
Total debts evidenced by certificates					Equivalent in CHF	**24 568 227 723**

(1) Issued under the Programme for the Issuance of Debt Instruments
(2) Subordinated issue
(3) With special conditions
(4) The ISO codes in parentheses correspond to the original currencies of bond issues which have not been re-denominated by EUROFIMA
(5) Re-denominated / originally ESP

Distribution by currency of the amounts due to credit institutions and customers and of debts evidenced by certificates at December 31, 2005

Currency	Currency units (in million)	Equivalent in CHF (in million)	in %
AUD	4 270.0	4 104.8	13.99
CAD	1 095.0	1 235.7	4.21
CHF	7 016.9	7 016.9	23.91
EUR	4 123.3	6 421.9	21.89
GBP	515.0	1 165.7	3.97
HKD	1 732.0	294.4	1.00
JPY	155 401.5	1 737.2	5.92
MXN	700.0	85.6	0.29
NOK	400.0	77.7	0.26
NZD	200.0	179.5	0.61
SEK	2 285.6	378.3	1.29
TRY	50.0	48.8	0.17
USD	4 967.9	6 545.2	22.31
ZAR	250.0	51.9	0.18
Total	**–**	**29 343.6**	**100.00**

Report of the auditors

Report of the independent auditors
Report to the Board of Directors and the Auditors of EUROFIMA European Company for the Financing of Railroad Rolling Stock, Basle

In accordance with the mandate given to us, we have audited, as independent auditors, the accounting records and the financial statements consisting of the profit and loss account, the balance sheet, the flow of funds statement and the notes for the year ended December 31, 2005 (as on the attached pages 20 to 34 of the annual report).
These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.
Our audit was conducted in accordance with Swiss Auditing Standards and the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
In our opinion, the financial statements for the year then ended give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the general directives of the European Union and the accounting and valuation principles described in the annual report. Furthermore, the accounting records and the financial statements comply with the international Convention for the establishment of the company, the statutes and the Swiss law.
We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Martin Frei

Philipp Rieder

Basle, March 3, 2006

Report of the auditors
to the General Assembly of the shareholders of EUROFIMA European Company for the Financing of Railroad Rolling Stock, Basle

Mrs. Chairwoman, Ladies and Gentlemen
As auditors of your company, elected by the General Assembly according to Article 28 of the statutes, we have audited the accounting records and the financial statements, consisting of the profit and loss account, the balance sheet, the flow of funds statement and the appendix for the year ended December 31, 2005.
These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we have the professional qualification and independence necessary to fulfill this task.
We believe that our own examination and the review of the independent auditors’ report of March 3, 2006 prepared by PricewaterhouseCoopers AG, Basle, constitute a reasonable basis for our opinion.
In our opinion, the financial statements for the year then ended give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the general directives of the European Union and the accounting and valuation principles described in the annual report. Furthermore, the accounting records and the financial statements comply with the international Convention for the establishment of the company, the statutes and the Swiss law.
We recommend that the financial statements submitted to you be approved.

Dolores Herrero Perez de Castro

Gerhard Leitner

Stefano Pierini

Dick Snel

Marc Wengler

Basle, March 3, 2006

Milestones in development

1957 First issue in Swiss francs
1961 First issue in Dutch guilders
1962 First share capital increase from 50 to 100 million Swiss francs
1964 First issue in Deutsche Mark
1967 First issue in US dollars in the Euromarket
1970 Second share capital increase from 100 to 300 million Swiss francs
1971 First issue in French francs
First issue in Luxembourg francs
1972 First issue in Belgian francs
1974 First issue in US dollars in the Middle East
1975 First issue in US dollars in the "Yankee" market: Aaa/AAA ratings
1976 Third share capital increase from 300 to 500 million Swiss francs
1978 First issue in yen in the "Samurai" market
1979 First issue in Austrian shillings
1982 First issue in Sterling
1984 Extension of the duration of the company for another 50 years, until 2056
Fourth share capital increase from 500 to 750 million Swiss francs
First issue in ECU
1986 Total assets exceed 10 billion Swiss francs for the first time
Aaa/AAA ratings for various Eurobond issues
First issue in Italian lira
1987 EUROFIMA opens the Spanish "Matador" market
First issue in Australian, Canadian and New Zealand dollars
1988 Multi-currency Euro and US commercial paper programs: P-1/A-1+ ratings
1989 First issue in Swedish krona
First issue in Portuguese escudos
1990 Fifth share capital increase from 750 to 1 050 million Swiss francs
1991 Total assets exceed 20 billion Swiss francs for the first time
Programme for the Issuance of Debt Instruments in various currencies: Aaa/AAA ratings
1992 First global bond issue in Australian dollars
Admission of the Hungarian State Railways (MÁV)
1993 Sixth share capital increase from 1 050 to 2 100 million Swiss francs
1994 Total assets exceed 30 billion Swiss francs for the first time
Admission of the Croatian (HŽ) and the Slovenian Railways (SŽ)
1995 First issue in Hong Kong dollars
1996 First subordinated issue in Swiss francs to strengthen the equity capital basis
Admission of the Railways of Bosnia and Herzegovina (ŽBH) and the Railways of the Former Yugoslav Republic of Macedonia (CFARYM)
1997 First issue in South African rands
Seventh share capital increase from 2 100 to 2 600 million Swiss francs
First financing of other railway equipment
1998 First issue in Czech koruna
First issue in Polish zlotys
First issue in Greek drachmas
1999 First issue in Euro
Admission of the Bulgarian State Railways (BDZ)
2000 Adhesion of the Slovak Republic to EUROFIMA's Convention
2001 Admission of the Railways of the Slovak Republic (ZSSK)
2002 First issue in Norwegian krona
Admission of the Railways of the Czech Republic (ČD)
2003 Increase of Railway Company JSC's (ZSSK) participation in EUROFIMA's share capital
Increase of Hungarian State Railways Ltd.'s (MÁV) participation in EUROFIMA's share capital
2004 Increase of Czech Railways JSC's (ČD) participation in EUROFIMA's share capital
Increase of Hellenic Railways' (OSE) participation in EUROFIMA's share capital
First US dollar 1 billion benchmark issue
2005 First issue in Mexican pesos
First issue in Turkish lira

Megara–Elefsis, 18:06

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The photographs illustrating this annual report were either taken by Thomas Buser, EUROFIMA, or kindly provided by RENFE, ČD and CISALPINO.

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Elefsis, 07:53

EUROFIMA®

Registered office:
Ritterhof
Rittergasse 20
P.O. Box
CH-4001 Basle
Tel: +41 61 287 33 40
Fax: +41 61 287 32 40
info@eurofima.org
www.eurofima.org